

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Township of Bingham</b>	County <b>Huron</b>
Audit Date <b>3/31/05</b>	Opinion Date <b>9/16/05</b>	Date Accountant Report Submitted to State: <b>9/30/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Brining &amp; Nartker, P.C.</b>			
Street Address <b>64 Westland Drive</b>		City <b>Bad Axe</b>	State <b>MI</b>
		ZIP <b>48413</b>	
Accountant Signature <i>Brining &amp; Nartker, P.C. by: Douglas P. Brining C.P.A.</i>			Date <b>9/30/05</b>

**TOWNSHIP OF BINGHAM  
HURON COUNTY, MICHIGAN**

**FINANCIAL REPORT  
MARCH 31, 2005**

**TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN**

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# BRINING & NARTKER, P.C.

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## INDEPENDENT AUDITORS' REPORT

To the Township Board  
Township of Bingham  
Huron County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Bingham, Huron County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Township of Bingham, Huron County, Michigan. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not prepared their discussion and analysis information for the Township of Bingham, Huron County, Michigan. This discussion is required by U.S. generally accepted accounting principles as supplemental information.

In our opinion, except for the omission of management's discussion and analysis as discussed in the previous paragraph, which results in an incomplete presentation, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Bingham, Huron County, Michigan as of March 31, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 8, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended and interpreted, as of March 31, 2005.

The budgetary comparison information on pages 11 through 16 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Bingham, Huron County, Michigan's basic financial statements. The accompanying additional information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Brining & Nartker, P.C.*

BRINING & NARTKER, P.C.  
Certified Public Accountants

September 16, 2005

## **BASIC FINANCIAL STATEMENTS**

**TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN**  
**STATEMENT OF NET ASSETS**  
**MARCH 31, 2005**

	GOVERNMENTAL <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:		
Current assets:		
Cash	\$ 334,915	\$ 334,915
Accounts receivable	23,701	23,701
Taxes receivable	7,573	7,573
Capital assets - net of accumulated depreciation	404,125	404,125
TOTAL ASSETS	<u>770,314</u>	<u>770,314</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	940	940
Current maturities of long-term debt	29,994	29,994
Noncurrent liabilities:		
Noncurrent portion of long-term debt	30,753	30,753
TOTAL LIABILITIES	<u>61,687</u>	<u>61,687</u>
NET ASSETS:		
Investment in capital assets net of related debt	343,378	343,378
Restricted:		
Nonexpendable	12,567	12,567
Unrestricted	352,682	352,682
TOTAL NET ASSETS	<u>\$ 708,627</u>	<u>\$ 708,627</u>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2005**

		PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS	
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>TOTAL</u>
FUNCTIONS:					
Governmental Activities					
Legislative	\$ 2,400	\$ -	\$ -	\$ (2,400)	\$ (2,400)
General Government	96,149	2,400	-	(93,749)	(93,749)
Public Safety	81,654	27,950	33,479	(20,225)	(20,225)
Public Works	132,630	-	-	(132,630)	(132,630)
Health and Welfare	75,925	41,231	-	(34,694)	(34,694)
Recreation and Culture	1,250	-	-	(1,250)	(1,250)
Total Governmental Activities	<u>\$ 390,008</u>	<u>\$ 71,581</u>	<u>\$ 33,479</u>	<u>(284,948)</u>	<u>(284,948)</u>
GENERAL REVENUES:					
Property taxes				200,683	200,683
State sources				59,671	59,671
Investment earnings				5,381	5,381
Miscellaneous				6,219	6,219
SPECIAL ITEM:					
Gain on sale of equipment				5,500	5,500
TOTAL GENERAL REVENUES AND SPECIAL ITEM				<u>277,454</u>	<u>277,454</u>
CHANGE IN NET ASSETS				<u>(7,494)</u>	<u>(7,494)</u>
NET ASSETS - APRIL 1, 2004				716,121	716,121
NET ASSETS - MARCH 31, 2005				<u>\$ 708,627</u>	<u>\$ 708,627</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2005

	GENERAL FUND	ROAD FUND	EMERGENCY SERVICES FUND	FIRE FUND	AMBULANCE FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>							
Cash and investments	\$ 126,304	\$ 96,378	\$ 92,985	\$ 4,879	\$ 1,092	\$ 13,277	\$ 334,915
Accounts receivable	-	-	-	11,900	11,801	-	23,701
Taxes receivable	7,573	-	-	-	-	-	7,573
TOTAL ASSETS	<u>\$ 133,877</u>	<u>\$ 96,378</u>	<u>\$ 92,985</u>	<u>\$ 16,779</u>	<u>\$ 12,893</u>	<u>\$ 13,277</u>	<u>\$ 366,189</u>
<u>LIABILITIES AND FUND BALANCES</u>							
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ 940	\$ -	\$ -	\$ 940
FUND BALANCE:							
Reserved	-	-	-	-	-	12,567	12,567
Unreserved	133,877	96,378	92,985	15,839	12,893	710	352,682
TOTAL FUND BALANCE	<u>133,877</u>	<u>96,378</u>	<u>92,985</u>	<u>15,839</u>	<u>12,893</u>	<u>13,277</u>	<u>365,249</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 133,877</u>	<u>\$ 96,378</u>	<u>\$ 92,985</u>	<u>\$ 16,779</u>	<u>\$ 12,893</u>	<u>\$ 13,277</u>	<u>\$ 366,189</u>

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES

Total governmental fund balances	\$ 365,249
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	404,125
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(60,747)
Net assets of governmental activities	<u>\$ 708,627</u>

The accompanying notes are an integral part of the financial statements.



**TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED MARCH 31, 2005**

	GENERAL FUND	ROAD FUND	EMERGENCY SERVICES FUND	FIRE FUND	AMBULANCE FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:							
Taxes	\$ 74,093	\$ 92,332	\$ 34,258	\$ -	\$ -	\$ -	\$ 200,683
Intergovernmental	59,671	-	-	-	-	-	59,671
Charges for services	-	-	-	27,950	41,231	2,400	71,581
Federal grant	-	-	-	28,962	-	-	28,962
State grant	-	-	-	1,519	-	-	1,519
Interest	2,587	1,051	883	30	11	819	5,381
Other	5,419	-	-	2,998	600	200	9,217
TOTAL REVENUES	<u>141,770</u>	<u>93,383</u>	<u>35,141</u>	<u>61,459</u>	<u>41,842</u>	<u>3,419</u>	<u>377,014</u>
EXPENDITURES:							
Current:							
Legislative	2,400	-	-	-	-	-	2,400
General government	92,589	-	-	-	-	-	92,589
Public safety	5,000	-	4,945	77,123	-	-	87,068
Public works	11,238	121,392	-	-	-	-	132,630
Health and welfare	-	-	4,736	-	64,751	-	69,487
Recreation and culture	1,250	-	-	-	-	-	1,250
Cemetery	-	-	-	-	-	4,750	4,750
Debt service	-	-	31,539	-	-	-	31,539
TOTAL EXPENDITURES	<u>112,477</u>	<u>121,392</u>	<u>41,220</u>	<u>77,123</u>	<u>64,751</u>	<u>4,750</u>	<u>421,713</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>29,293</u>	<u>(28,009)</u>	<u>(6,079)</u>	<u>(15,664)</u>	<u>(22,909)</u>	<u>(1,331)</u>	<u>(44,699)</u>
OTHER FINANCING SOURCES (USES):							
Operating transfers in	-	-	-	17,300	18,100	1,100	36,500
Operating transfers out	(36,500)	-	-	-	-	-	(36,500)
Proceeds from sale of assets	-	-	5,500	-	-	-	5,500
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(7,207)</u>	<u>(28,009)</u>	<u>(579)</u>	<u>1,636</u>	<u>(4,809)</u>	<u>(231)</u>	<u>(39,199)</u>
FUND BALANCE - APRIL 1, 2004	141,084	124,387	93,564	14,203	17,702	13,508	404,448
FUND BALANCE - MARCH 31, 2005	<u>\$ 133,877</u>	<u>\$ 96,378</u>	<u>\$ 92,985</u>	<u>\$ 15,839</u>	<u>\$ 12,893</u>	<u>\$ 13,277</u>	<u>\$ 365,249</u>

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Total net change in fund balances - governmental funds	\$ (39,199)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Repayment of loans is an expenditure in governmental funds but reduces long-term liabilities in the statement of net assets.

Change in net assets of governmental activities.

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Bingham, Huron County, Michigan conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Township.

**Reporting Entity:**

The Township is located in Huron County, Michigan and has approximately 1,750 residents including those who reside within the Village of Ubyly. The Township is governed by a five person elected board and provides highways and streets, fire protection, cemetery maintenance services and ambulance services for its residents.

In accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, the definition of the reporting entity is based primarily on the premise of financial accountability. The Township is a primary government and is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. These types of organizations are deemed component units.

Based on the provisions of GASB 14, there are no organizations that are deemed to be component units of the Township.

**Accounting Estimates:**

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Government-Wide and Fund Financial Statements:**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of the Interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

(Continued)

**TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**  
**(CONTINUED)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** (Continued)

The governmental fund financial statements consist of the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. These financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are property taxes, licenses, interest revenue and charges for services. Fine and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road Fund is used to account for property taxes allocated to provide for the maintenance of roads.

The Emergency Services Fund is used to account for property taxes allocated to purchase fire and ambulance equipment.

The Fire and Ambulance Funds are used to account for charges for services to provide fire fighting and ambulance services, respectively.

The Township reports nonmajor funds for the Cemetery Fund and the Perpetual Care Fund.

**Property Taxes:**

Properties are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the County tax roll. The delinquent real property taxes of the Township are purchased by the County of Huron. The County sells tax notes, the proceeds of which are used to pay the Township for these property taxes. These taxes have been recorded as revenue for the current year. Delinquent personal property taxes are not paid by the County revolving tax fund and will be remitted to the Township as collection occurs.

**Capital Assets:**

Capital assets, which include buildings, improvements, and equipment, are reported in the governmental activities column in the government-wide statement of net assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Capital assets are being depreciated using the straight-line method over the following useful lives:

Buildings	50 years
Improvements	15 to 20 years
Equipment	5 to 15 years

**Budgets:**

Annual budgets are approved prior to the beginning of the fiscal year and are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end. The Township does not utilize encumbrance accounting.

**TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**  
**(CONTINUED)**

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – BUDGET VIOLATIONS:**

P.A. 621 of 1978, section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The legal level of budgetary control adopted by the governing body is the line item level.

During the year ended March 31, 2005, the Township incurred expenditures in certain budgetary funds which were in excess of the amount appropriated, as follows:

<u>FUND</u>	<u>AMOUNT APPROPRIATED</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
General Fund:			
Interest	\$ -	\$ 232	\$ 232
Emergency Services Fund:			
Principal	\$ -	\$ 29,253	\$ 29,253

**NOTE 3 - DEPOSITS AND INVESTMENTS:**

Michigan Compiled Laws, Section 129.91, authorizes a local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township's deposits are in accordance with statutory authority. The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for the Township's cash deposits are as follows:

<u>DEPOSITS</u>	<u>CARRYING AMOUNT</u>
Insured (FDIC)	\$ 182,237
Uninsured	91,074
	<u>\$ 273,311</u>

The GASB Statement No. 3 risk disclosures for the Township's investments are as follows:

Non-Risk Categorized

	<u>CARRYING AMOUNT</u>	<u>FAIR VALUE</u>
Comerica Bank Municipal Investment Fund	\$ 49,037	\$ 49,037
Armada Government Fund	723	723
U.S. Treasury Bond	11,844	15,157
Total Investments	<u>\$ 61,604</u>	<u>\$ 64,917</u>

**TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**  
**(CONTINUED)**

**NOTE 4 – CAPITAL ASSETS:**

Capital asset activity for the current year was as follows:

	BALANCE APRIL 1, <u>2004</u>	<u>INCREASES</u>	<u>DECREASES</u>	BALANCE MARCH 31, <u>2005</u>
Capital Assets Not Being Depreciated				
Land	\$ 15,500	\$ -	\$ -	\$ 15,500
Capital Assets Being Depreciated				
Buildings	178,307	8,370	-	186,677
Improvements	17,753	-	-	17,753
Equipment	549,772	24,520	37,530	536,762
	<u>745,832</u>	<u>32,890</u>	<u>37,530</u>	<u>741,192</u>
Less: Accumulated Depreciation				
Buildings	78,413	4,163	-	82,576
Improvements	7,473	1,184	-	8,657
Equipment	273,773	25,091	37,530	261,334
	<u>359,659</u>	<u>30,438</u>	<u>37,530</u>	<u>352,567</u>
Total Capital Assets Being Depreciated - Net	<u>386,173</u>	<u>2,452</u>	<u>-</u>	<u>388,625</u>
Governmental Activity Capital Assets - Net	<u>\$ 401,673</u>	<u>\$ 2,452</u>	<u>\$ -</u>	<u>\$ 404,125</u>

Depreciation expense was charged to programs of the Township as follows:

General Government	\$ 7,180
Public Safety	15,020
Health and Welfare	8,238
	<u>\$ 30,438</u>

**NOTE 5 – LONG-TERM DEBT:**

During the year ended March 31, 2005 the Township financed \$90,000 for the purchase of a fire truck. The financing requires three annual payments to Northstar Bank of \$31,539 including interest at 2.54% beginning October 2004.

The following is a summary of changes in long-term debt for the year ended March 31, 2005.

Balance April 1, 2004	\$ 90,000
Principal paid	29,253
Balance March 31, 2005	<u>\$ 60,747</u>

(Continued)

**TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2005**  
**(CONTINUED)**

**NOTE 5 – LONG-TERM DEBT:** (Continued)

Annual debt service requirements to maturity is as follows at March 31:

	<u>Principal</u>	<u>Interest</u>
2006	\$ 29,994	\$ 1,545
2007	30,753	786
	<u>\$ 60,747</u>	<u>\$ 2,331</u>

**NOTE 6 - DEFERRED COMPENSATION PLAN:**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. The Township has little administrative involvement and does not perform the investing function for the plan. Therefore, the Township does not have fiduciary accountability and does not hold the assets in a trustee capacity. As such, the assets and income of the plan are not reported as a part of the Township's activities.

**NOTE 7 – PENSION PLAN:**

The Township sponsors a defined contribution retirement plan through the Manufacturers Life Insurance Company. The plan covers all elected officials. The Township contributes 7.65% of elected officials compensation to the plan and the elected officials may contribute from 1% to 10% of their compensation to the plan. Pension expense amounted to \$4,545 for the year ended March 31, 2005.

**NOTE 8 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND EQUITY:**

For the year ended March 31, 2005, the Township implemented GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. It creates new basic financial statements which now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Also the statement requires a management's discussion and analysis letter to offer readers a narrative of the financial statements.

As a result of implementing GASB Statement No. 34, net assets were restated at April 1, 2004 as follows:

Fund Balance - Governmental Funds - April 1, 2004	\$ 404,448
Capital Assets - Net	401,673
Long-term Debt	(90,000)
	<u>\$ 716,121</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Taxes:				
Property taxes	\$ 52,000	\$ 52,000	\$ 57,404	\$ 5,404
Administrative fees	12,500	12,500	16,689	4,189
Total Taxes	<u>64,500</u>	<u>64,500</u>	<u>74,093</u>	<u>9,593</u>
Intergovernmental revenue:				
State sales tax	63,000	63,000	59,671	(3,329)
Interest	2,800	2,800	2,587	(213)
Other:				
Metro Authority Maintenance fee	-	-	4,053	4,053
Miscellaneous	500	500	1,366	866
Total Other	<u>500</u>	<u>500</u>	<u>5,419</u>	<u>4,919</u>
TOTAL REVENUES	<u>130,800</u>	<u>130,800</u>	<u>141,770</u>	<u>10,970</u>
EXPENDITURES:				
Legislative:				
Board fees	<u>2,400</u>	<u>2,400</u>	<u>2,400</u>	<u>-</u>
General Government:				
Clerk	8,405	8,405	8,405	-
Treasurer	11,752	11,752	11,752	-
Supervisor	6,798	6,798	6,798	-
Deputy Clerk	600	600	600	-
Deputy Treasurer	600	600	600	-
Board of Review	1,170	1,170	650	520
Custodial	1,314	1,314	1,314	-
Election inspectors	1,400	1,572	1,572	-
Per diem	2,925	3,055	3,055	-
Assessor	8,491	8,491	8,491	-
Clerical	1,000	1,000	1,000	-
Public notices	1,200	1,200	216	984
Office supplies	1,800	1,830	1,001	829
Election supplies	1,100	1,100	469	631
Custodial supplies	500	632	632	-
Tax assessing supplies	700	700	-	700
Software	1,000	1,210	1,210	-
Postage	1,400	1,549	1,549	-
Payroll taxes	1,977	1,977	1,734	243
Printing and publication	500	500	237	263
Mileage and meal reimbursement	2,050	2,050	1,825	225
Education	800	800	634	166
Tax roll services	2,800	3,348	3,348	-
Legal services	600	2,515	2,515	-

(Continued)



**TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**  
**(CONTINUED)**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES:				
General Government:				
Insurance	5,100	6,165	5,665	500
Memberships and dues	950	950	894	56
Miscellaneous	700	700	164	536
Pension expense	4,850	4,850	4,545	305
Equipment and furniture	2,700	3,073	1,973	1,100
Telephone	2,300	2,300	1,649	651
Electricity	3,200	3,200	2,509	691
Heat	3,800	3,800	3,571	229
Internet	-	-	232	(232)
Equipment maintenance	1,000	9,740	9,740	-
Building maintenance	2,500	2,500	1,170	1,330
Ground maintenance	700	700	290	410
Inspection fee	100	100	65	35
Consulting fees	1,000	1,000	515	485
Audit fee	500	500	-	500
Total General Government	<u>90,282</u>	<u>103,746</u>	<u>92,589</u>	<u>11,157</u>
Public Safety:				
Police allocation	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Public Works:				
Road construction and maintenance	10,000	10,000	10,000	-
Drain at large	2,000	2,000	1,238	762
Total Public Works	<u>12,000</u>	<u>12,000</u>	<u>11,238</u>	<u>762</u>
Recreation and Culture:				
Recreation allocation	500	500	500	-
Library allocation	750	750	750	-
Total Recreation and Culture	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	<u>-</u>
TOTAL EXPENDITURES	<u>110,932</u>	<u>124,396</u>	<u>112,477</u>	<u>11,919</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>19,868</u>	<u>6,404</u>	<u>29,293</u>	<u>22,889</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers out	(35,250)	(41,050)	(36,500)	4,550
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(15,382)</u>	<u>(34,646)</u>	<u>(7,207)</u>	<u>27,439</u>
FUND BALANCE - APRIL 1, 2004	141,084	141,084	141,084	-
FUND BALANCE - MARCH 31, 2005	<u>\$ 125,702</u>	<u>\$ 106,438</u>	<u>\$ 133,877</u>	<u>\$ 27,439</u>

**TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN**  
**BUDGETARY COMPARISON SCHEDULE**  
**ROAD FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:				
Property taxes	\$ 87,600	\$ 87,600	\$ 92,332	\$ 4,732
Interest	750	750	1051	301
TOTAL REVENUES	<u>88,350</u>	<u>88,350</u>	<u>93,383</u>	<u>5,033</u>
EXPENDITURES:				
Road construction and maintenance	100,000	104,806	104,806	-
Village of Uby - Main Street maintenance	11,000	11,000	11,000	-
Dust control	6,000	6,000	5,586	414
TOTAL EXPENDITURES	<u>117,000</u>	<u>121,806</u>	<u>121,392</u>	<u>414</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(28,650)</u>	<u>(33,456)</u>	<u>(28,009)</u>	<u>5,447</u>
FUND BALANCE - APRIL 1, 2004	124,387	124,387	124,387	-
FUND BALANCE - MARCH 31, 2005	<u>\$ 95,737</u>	<u>\$ 90,931</u>	<u>\$ 96,378</u>	<u>\$ 5,447</u>

**TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN**  
**BUDGETARY COMPARISON SCHEDULE**  
**EMERGENCY SERVICES FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:				
Property taxes	\$ 32,600	\$ 32,600	\$ 34,258	\$ 1,658
Interest	316	316	883	567
TOTAL REVENUES	<u>32,916</u>	<u>32,916</u>	<u>35,141</u>	<u>2,225</u>
EXPENDITURES:				
Fire equipment	5,400	5,400	4,945	455
Ambulance equipment	5,400	5,400	4,736	664
Debt Service:				
Principal	-	-	29,253	(29,253)
Interest	1,700	2,286	2,286	-
TOTAL EXPENDITURES	<u>12,500</u>	<u>13,086</u>	<u>41,220</u>	<u>(28,134)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>20,416</u>	<u>19,830</u>	<u>(6,079)</u>	<u>(25,909)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of assets	4,500	4,500	5,500	1,000
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>24,916</u>	<u>24,330</u>	<u>(579)</u>	<u>(24,909)</u>
FUND BALANCE - APRIL 1, 2004	93,564	93,564	93,564	-
FUND BALANCE - MARCH 31, 2005	<u>\$ 118,480</u>	<u>\$ 117,894</u>	<u>\$ 92,985</u>	<u>\$ (24,909)</u>

**TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN**  
**BUDGETARY COMPARISON SCHEDULE**  
**FIRE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:				
Charges for services:				
Fire run fees	\$ 28,825	\$ 28,825	\$ 27,950	\$ (875)
Federal grant	28,000	28,000	28,962	962
State grant	-	-	1,519	1,519
Interest	35	35	30	(5)
Other	75	75	2,998	2,923
<b>TOTAL REVENUES</b>	<u>56,935</u>	<u>56,935</u>	<u>61,459</u>	<u>4,524</u>
EXPENDITURES:				
Officer salaries	3,450	3,450	3,450	-
Firemen salaries	12,000	12,000	10,312	1,688
Firemen meetings	5,900	5,900	5,508	392
Payroll taxes	3,000	3,004	2,929	75
Tools and supplies	2,100	2,661	2,661	-
Maintenance and repairs	4,500	5,090	4,258	832
Gas and oil	1,200	1,200	1,048	152
Insurance	11,800	13,344	13,344	-
Mileage	500	500	-	500
Telephone	375	375	303	72
Postage	250	250	200	50
Dues and subscriptions	100	100	40	60
Training and education	1,300	1,300	808	492
Miscellaneous	500	500	302	198
Equipment	28,000	31,960	31,960	-
<b>TOTAL EXPENDITURES</b>	<u>74,975</u>	<u>81,634</u>	<u>77,123</u>	<u>4,511</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(18,040)</u>	<u>(24,699)</u>	<u>(15,664)</u>	<u>9,035</u>
OTHER FINANCING SOURCES:				
Operating transfers in	11,500	17,300	17,300	-
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>(6,540)</u>	<u>(7,399)</u>	<u>1,636</u>	<u>9,035</u>
FUND BALANCE - APRIL 1, 2004	14,203	14,203	14,203	-
FUND BALANCE - MARCH 31, 2005	<u>\$ 7,663</u>	<u>\$ 6,804</u>	<u>\$ 15,839</u>	<u>\$ 9,035</u>

**TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN**  
**BUDGETARY COMPARISON SCHEDULE**  
**AMBULANCE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
REVENUES:				
Charges for services:				
Ambulance fees	\$ 50,138	\$ 50,138	\$ 41,231	\$ (8,907)
Interest	60	60	11	(49)
Other	50	50	600	550
TOTAL REVENUES	<u>50,248</u>	<u>50,248</u>	<u>41,842</u>	<u>(8,406)</u>
EXPENDITURES:				
Officer salaries	3,240	3,240	3,240	-
Ambulance attendants' fees	37,200	38,016	38,016	-
Mileage	750	750	-	750
Payroll taxes	5,900	6,059	5,626	433
Consulting fees	400	400	160	240
Outside labor	4,500	4,500	4,050	450
Office equipment	500	500	-	500
Office supplies	100	100	65	35
Cleaning supplies	50	50	-	50
Medical supplies	2,500	2,500	837	1,663
Tools and supplies	300	300	36	264
Gas and oil	1,000	1,000	938	62
Oxygen	1,300	1,466	1,466	-
Cleaning charges	50	50	17	33
Maintenance and repairs	1,300	1,612	869	743
Insurance	6,500	7,576	7,576	-
Printing	150	150	114	36
Postage	74	74	-	74
Licenses	375	375	125	250
Attendants' supplies and clothing	1,000	1,000	333	667
Training and education	2,200	2,200	965	1,235
Miscellaneous	300	674	-	674
Telephone	400	400	318	82
TOTAL EXPENDITURES	<u>70,089</u>	<u>72,992</u>	<u>64,751</u>	<u>8,241</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,841)</u>	<u>(22,744)</u>	<u>(22,909)</u>	<u>(165)</u>
OTHER FINANCING SOURCES:				
Operating transfers in	20,000	20,000	18,100	(1,900)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>159</u>	<u>(2,744)</u>	<u>(4,809)</u>	<u>(2,065)</u>
FUND BALANCE - APRIL 1, 2004	17,702	17,702	17,702	-
FUND BALANCE - MARCH 31, 2005	<u>\$ 17,861</u>	<u>\$ 14,958</u>	<u>\$ 12,893</u>	<u>\$ (2,065)</u>

**ADDITIONAL INFORMATION**

**TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-**  
**BUDGET AND ACTUAL**  
**NONMAJOR GOVERNMENTAL FUND - CEMETERY FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Charges for services:				
Lot sales	\$ 1,250	\$ 1,250	\$ 2,400	\$ 1,150
Interest	825	825	819	(6)
Other	50	50	200	150
TOTAL REVENUES	<u>2,125</u>	<u>2,125</u>	<u>3,419</u>	<u>1,294</u>
EXPENDITURES:				
Sexton salary	500	500	500	-
Repairs and maintenance	6,800	6,800	3,640	3,160
Insurance	400	523	523	-
Payroll taxes	76	77	77	-
Miscellaneous	120	120	10	110
TOTAL EXPENDITURES	<u>7,896</u>	<u>8,020</u>	<u>4,750</u>	<u>3,270</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,771)</u>	<u>(5,895)</u>	<u>(1,331)</u>	<u>4,564</u>
OTHER FINANCING SOURCES:				
Operating transfers in	5,000	5,000	1,100	(3,900)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	<u>(771)</u>	<u>(895)</u>	<u>(231)</u>	<u>664</u>
FUND BALANCE - APRIL 1, 2004	941	941	941	-
FUND BALANCE - MARCH 31, 2005	<u>\$ 170</u>	<u>\$ 46</u>	<u>\$ 710</u>	<u>\$ 664</u>

**TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUND - PERPETUAL CARE FUND**  
**FOR THE YEAR ENDED MARCH 31, 2005**

REVENUES:

Charges for services:

Perpetual care sales

\$ -

TOTAL REVENUES

-

EXCESS OF REVENUES OVER  
EXPENDITURES

-

FUND BALANCE - APRIL 1, 2004

12,567

FUND BALANCE - MARCH 31, 2005

\$ 12,567



**TOWNSHIP OF BINGHAM, HURON COUNTY, MICHIGAN  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
TAX COLLECTION AGENCY FUND  
FOR THE YEAR ENDED MARCH 31, 2005**

	BALANCE APRIL 1, <u>2004</u>	ADDITIONS (RECEIVED)	DEDUCTIONS (EXPENDED)	BALANCE MARCH 31, <u>2005</u>
<u>ASSETS</u>				
Cash	<u>\$ 92</u>	<u>\$ 1,338,248</u>	<u>\$ 1,338,259</u>	<u>\$ 81</u>
<u>LIABILITIES</u>				
Due to General Fund	\$ 92	\$ 68,619	\$ 68,630	\$ 81
Due to Road Fund	-	88,645	88,645	-
Due to Emergency Services Fund	-	32,890	32,890	-
Due to Huron County	-	547,968	547,968	-
Due to Schools	-	558,061	558,061	-
Due to State of Michigan	-	42,065	42,065	-
TOTAL LIABILITIES	<u>\$ 92</u>	<u>\$ 1,338,248</u>	<u>\$ 1,338,259</u>	<u>\$ 81</u>